11. **Financial position.**—The cash balance at the end of 1112 according to the Revised Estimates is anticipated to stand at Rs. 28·37 lakhs and at Rs. 7·75 lakhs at the end of 1113. An asset and liability statement is attached to the budget statement. At the end of 1113, it is expected that we would have a total asset of Rs. 251·96 lakhs against a liability of Rs. 146·29 lakhs leaving us a net asset of Rs. 105·67 lakhs.

12. **Ways and means.**—It would be found from the asset and liability statement attached to the budget estimates that our general revenue surplus at the end of next year according to the budget proposals would be Rs. 21·94 lakhs and the outstanding balance from Loans Rs. 78·41 lakhs, totalling Rs. 100·35 lakhs after providing for Rs. 7·35 lakhs for capital works. It may be remembered from speeches made by the Diwan so very clearly in previous sessions that our commitments for the 4th Stage Harbour Works were Rs. 44·34 lakhs from the resources of the State by way of advance and almost an equal amount by loans offered by the Government of India. At the end of the next year, according to the budget proposals, we would have advanced for the purpose Rs. 64·14 lakhs against the State's share of Rs. 44·34 lakhs, i. e., Rs. 19·80 lakhs in excess against the offered loan of the Government of India thereby reducing our interest charge on Loans as much as possible. As the Harbour requirements are not possible of being gauged sufficiently in advance it is proposed by way of safeguard to take a portion of the offered loan from the Government of India to the extent of Rs. 15·00 lakhs in the course of next year. Thus our ways and means policy has been carefully cast with a view to reduce our debt charges to the minimum possible.

13. To resume—The budget presented before you may not be considered optimistic. But it must be remembered that as we have to go abreast of other countries, a go-ahead policy has been adopted for the last two years and our commitments have been necessarily large. The sources of the State's revenues are inelastic—rather restricted. 'Land Revenue' which has been our staple revenue for long years after the last settlement shows sign of stagnation. There can be any increase in it only by a resettlement or a permanent settlement and by taxation of all lands not under cultivation in the form of a ground rent. Any augmentation of 'Excise Revenue' which is said to be hot money cannot be expected. 'Customs' which has been the bulwark of our resources shows signs of sagging, the State's share being dependent on the tariff policy adopted by the Government of India; sugar, for example, has ceased to bring in

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duty owing to the policy of protection granted to indigenous sugar, there being no possibility for the State for substitution of import duty by an excise duty as in British India. 'Forests' can hereafter cater to the needs of the public only in respect of fuel and building materials, exploitation on a commercial basis being not possible to be thought of for some years to come. 'Income-tax' has its limitations in this small State where the sources of individual or commercial income from international or even inter-Statal trade show signs of decrease. Other heads of revenue are quite static. The future of Railway is dependent on our Harbour and on services which we can render to our neighbouring States and Provinces by way of transport facilities. In this matter 'Railway' alone cannot cater to the needs of transport. Other means of communication by water and by road such as the one contemplated from Anamalais over the hills are, no doubt, under consideration as designed by the foresight of the Diwan and they have to be consummated. These by themselves cannot go a long way to enhance our revenues. Experience of every other country tells us that industrialisation and consequent improvement of economic condition of people can alone be the primary source of public finance hereafter and Cochin is at present sadly lacking it. Though literacy in the State is almost as much as cent per cent, her people have yet to acquire the industrial instinct in them. Whatever industries were started on the auspices of the Government have so far not succeeded to give the required fillip. It behoves on the leaders and representatives of the people to gird up their loins and snatch at every possible avenues for industrialising their country. We shall not remain satisfied with any peak point of the State's finances but we should aim at an ideal point. Attempts at retrenchment can only have temporary results and they are of no avail at present, as have been unmistakably expressed by your representatives themselves. Rural reconstruction and other ideas of improving public welfare shall no more be talks; constructive proposals should be forthcoming. Parochial sentiments should be discarded and every opportunity must be availed of in seeking foreign aids in exchange of services and sacrifices rendered in turn. I crave your indulgence on this homily, though I claim it as your collaborator in the activities and vicissitudes of the State and as one having a knowledge of the financial capacity of the State for the last quarter of a century. I am however an optimist and feel certain that the latent resources of the State referred to supra can be easily tapped to fruition provided

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the intelligent and the leading public look facts in the face and strive at with a zealous and dispassionate mind.

CRANGANUR.

14. Sir, I shall also make a brief reference to the Cranganur Budget before resuming my seat.

The actuals of 1111 relating to the Cranganur Principality left us with a large deficit of Rs. 0·77 of a lakh, the receipts and expenditure having been Rs. 1·80 lakhs and Rs. 2·57 lakhs respectively mainly due to the charge contribution that had to be made to the Palace for the purpose of wiping off the advances made to the Palace Fund.

The budget estimate for the current year was prepared on the basis of a total income of Rs. 1·98 lakhs and an expenditure of Rs. 2·25 lakhs resulting in a deficit of Rs. 0·27 lakh. According to the revised estimate we anticipate an income of Rs. 2·06 lakhs—a slight improvement on our original forecast and an expenditure of Rs. 2·25 lakhs thereby reducing the budgetted deficit to Rs. 0·19 lakh.

For the coming year we anticipate a revenue of Rs. 1·99 lakhs and programme for an expenditure of Rs. 2·23 lskhs thus leaving us again a deficit of Rs. 0·24 lakh. In spite of all our endeavours it is found practically impossible to prepare a balanced budget for this Principality. Financially autonomous though Cranganur is, her resources are too small to enable her to stand on her own legs. Consisting only of a group of five small villages Cranganur has to maintain all the emblems of individual existence beyond her means. As a result we find overselves faced with deficits every year notwithstanding the liberal contribution we are making for establishment charges and other numerous measures. The question is again engaging the anxious consideration of the Government.

15. Sir, before resuming my seat, I have to thank the members of the Standing Finance Committee who have subjected the Budget to a searching scrutiny and made valuable suggestions in the course of the discussions.

The House rose for the day at 3-55 p. m.

B. V. KRISHNANKUTTY MENON,

Secretary to the Council.

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